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April 13, 1998

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Jerry A. Holmer
Claim Consultant
Environmental and Mass Tort Claims
CNA Insurance Company
CNA Plaza
Chicago, IL 60685

**Re: Potential Claim for Environmental Damage in the
Couer d'Alene Basin, Northern Idaho
Insured: Group R Co., Inc.
Your File: 05-119261**

Dear Mr. Holmer:

Thank you for your letter of January 19, 1998, in which you acknowledge notice of the above-referenced claim. In your letter, you request that we send you copies of any CNA policies that we have. Enclosed are copies of the following policies:

Copied - RDX 01 808 48 62 (8/27/71 to 8/27/74)
Copied - CCP 248 30 24 (8/1/75 to 8/1/78)
Copied - RDX 142 15 16 (6/15/79 to 8/31/79)
Copied - RDX 416 97 01 (6/15/79 to 8/31/80)
Copied - RDX 416 97 02 (6/15/79 to 8/31/80)
Copied - RDX 142 18 56 (8/31/79 to 8/31/80)
Copied - SRX 2 15 34 63 (12/15/80 to 2/1/82)
Copied - RDX 417 00 92 (8/31/80 to 2/1/82)
Copied - HI 149635 (12/15/80 to 2/1/82)

We are working with our client to locate copies of the other policies referenced in your letter and under which we provided you notice. If and when we locate copies of additional policies, we will forward them to you.

Our responses to your requests for information contained in your letter follow:

65 Livingston Avenue

Roseland New Jersey
07068-1791



Telephone 973.597.2500
Fax 973.597.2400

USEPA SF

1238524
LS 003677

www.lowenstein.com

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1. A detailed history of the site including but not limited to the nature of operations conducted at the site over the period in question, a history of ownership, an explanation of the types of pollutants that were generated by the insured or any other entity, to the site, and the date that the insured became aware of a pollution problem at the site, (please provide any documents supporting the above).

RESPONSE: See Group R Co., Inc.'s response to the USEPA's 104(e) Request for Information ("Group R's 104(e) Response") enclosed herewith. If you would like copies of the documents that Group R submitted with its 104(e) Response, please advise.

2. A detailed description of expenses paid to date.

RESPONSE: It is Group R's understanding that a number of removal actions have been conducted pursuant to two AOC's. Group R has not been asked to participate, and in fact has not participated, in those efforts and we do not have specific information regarding those efforts at this time. If we obtain any additional information, we will forward it to you.

3. A list of potential carriers for the insured, including dates on risk and coverage limits.

RESPONSE: This matter is still in its preliminary stages. We currently are in the process of determining our client's full insurance profile. Accordingly, we cannot provide you with this information at this time. We note, however, that this information should not be necessary for you to make a coverage determination with respect to the applicable policies referenced in your letter and we expect that our inability to provide this information at this time will in no way delay your coverage determination.

We will continue to keep you updated with respect to the progress of this matter and we look forward to receiving a timely coverage determination.

If you have any questions, or require additional information, please do not hesitate to contact me or Michael David Lichtenstein of this office.

Very truly yours,


David M. Wissert

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04/13/98 0503040.01

Enclosures

cc: Michael David Lichtenstein, Esq. (w/o encl.)



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